

# NEW APPLICATION



0000104625

## BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN  
Commissioner-Chairman  
RENZ D. JENNINGS  
Commissioner  
CARL J. KUNASEK  
Commissioner

JUL 15 2 55 PM '98

In the matter of

DOCKET NO. S-03276A-98-0000

ROBERT J. STAHL  
1644 W. Laredo St.  
Chandler, AZ 85224  
d/b/a Investit Opportunities

TEMPORARY ORDER TO CEASE  
AND DESIST AND  
NOTICE OF OPPORTUNITY FOR  
HEARING

ELIZABETH BOYD  
1731 Golf Club Dr.  
Fort Myers, FL 33903-4680

DAVID V. FRANCIS  
200 Greathouse Rd.  
Bowling Green, KY 42103,

Respondents.

### NOTICE: EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

The Securities Division (the "Division") of the Arizona Corporation Commission (the "Commission") alleges that respondents ROBERT J. STAHL, ELIZABETH BOYD and DAVID V. FRANCIS, singularly and in concert, have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona (the "Securities Act"), A.R.S. § 44-1801 et seq., and that the public interest will be harmed by delay in issuing an Order to Cease and Desist.

#### I.

#### JURISDICTION

1. The Commission has jurisdiction over these matters pursuant to Article XV of the Arizona Constitution and the Securities Act.

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**II.****RESPONDENTS**

2. ROBERT J. STAHL ("STAHL"), whose last known address is 1644 E. Laredo St., Chandler, AZ 85224, at all relevant times offered and/or sold investments in a high yield bank debenture trading program, under the d/b/a of InveStit Opportunities.

3. ELIZABETH BOYD ("BOYD"), whose last known address is 1731 Golf Club Dr., Fort Myers, FL, 33903-4680, at all relevant times offered and/or sold investments in a high yield bank debenture trading program, under the d/b/a of North South Marketing USA ("North South"). Upon information and belief, North South is an unincorporated entity.

4. DAVID V. FRANCIS ("FRANCIS"), whose last known address is 200 Greathouse Rd., Bowling Green, Kentucky 42103, at all relevant times offered and/or sold investments in a high yield bank debenture trading program, under the d/b/a of World Export & Trade ("World"). Upon information and belief, World is an unincorporated entity.

5. STAHL, BOYD and FRANCIS may be collectively referred to as "RESPONDENTS."

**III.****FACTS**

6. Each of the preceding paragraphs is incorporated by reference.

7. In or around April 1998 respondent STAHL began advertising through a web site on the Internet, seeking persons interested in investing in "5-plus million dollar ventures with a guaranteed 8-16 percent return in one year." Other information at the web site stated that "the guaranteed return rate may be as high as 18 percent." STAHL sent correspondence to at least one potential investor stating that the total guaranteed return would be as high as 26 to 31 after one year. BOYD told at least one potential investor that he could earn a 20% guaranteed return at least three times per month.

8. Visitors to the web site are told that the investor's money would be in the form of a

1 loan, "guaranteed in full and in advance by a world prime bank." The investor's money would be  
2 deposited into a "protected" or "restricted" account at the prime bank. The money would draw  
3 interest while it would be used as collateral by an unidentified third party for various projects. After  
4 one year, the investor would receive a return of all principal and guaranteed interest.

5 9. STAHL sent e-mail to potential investors and met personally with at least one  
6 potential investor, where he presented at least three options to invest, requiring from \$5 million to  
7 \$15 million dollars. All of the options were designated as "No Risk" opportunities. STAHL later  
8 stated that at least \$10 million was required, but it could be pooled by several investors. STAHL  
9 described all of the opportunities as "carefully screened." STAHL told investors that, "Prime bank  
10 is the highest rating a bank can ever have . . . you can't get any better." STAHL told investors that if  
11 something happened to the bank, the investor is paid first, or else the world monetary fund steps in  
12 and pays the money owed.

13 10. STAHL initially described the projects as involving real estate development in the  
14 Bahamas and a medical facility in a third world country. However, STAHL later said that the real  
15 estate projects were not ready and an even more lucrative deal was available, which would return as  
16 much as 20% in a 2 to 3 week cycle. Several cycles could result in returns as high as 60% per  
17 quarter.

18 11. STAHL did not explain to potential investors how a multi-million dollar investment  
19 could be guaranteed and risk free, while used by a prime bank to generate the high returns. STAHL  
20 said that the investment program was "approved by the International Chamber of Commerce" and  
21 was "legal under USA and international law." However, STAHL told potential investors that the  
22 investor must agree never to contact the bank that is the source of the pay guarantee.

23 12. STAHL requested a letter from potential investors confirming that the investor had  
24 control of at least two million dollars to invest, in order to move the investor to "the next step of the  
25 application process." STAHL then told potential investors that they needed to speak with BOYD,  
26 who was in charge of the program and could answer any further questions.

1           13.     BOYD provided potential investors written information describing what were called,  
2 on various occasions, "Bank Debenture Trading Programs," a "Reserved Funds Program," an "Asset  
3 Management Programme," and an "Asset Management Private Placement Program" (collectively  
4 hereinafter, the "program"). The information stated that the program was highly confidential,  
5 because of the high returns generated, and therefore participating banks were forbidden from  
6 disclosing any aspect of the business transaction for a period of 5 years. Investors were told this was  
7 needed so that banks can continue to sell certificates of deposit yielding 2.5% to 6% to the general  
8 public, who were not "aware of the availability of other profit opportunities from the same  
9 institution, which were yielding much higher rates of return."

10           14.     BOYD initially introduced potential investors to a "106" program, whereby investors  
11 would earn a guaranteed 6% annual return on money, which would be deposited in an investor  
12 controlled account. In addition, a "trading bank" would use the account as collateral to produce an  
13 additional 20% annual return.

14           15.     BOYD later stated that an even better offer was available through FRANCIS. The  
15 program offered by BOYD and FRANCIS would produce a 100% return every 10 days. From the  
16 100% return, 20% would be payable to BOYD as a commission, while 80% would go to the  
17 investor. The program would "recycle" every 10 days, with a potential for several cycles until "shut  
18 down." FRANCIS stated that the International Chamber of Commerce requires that a certain  
19 percentage of the profits go to humanitarian projects. If the money is not used for that purpose, the  
20 program is shut down after three cycles. If the investor wished to accumulate returns, after reaching  
21 \$100 million, an even more lucrative program would be available.

22           16.     In this latest program, BOYD and FRANCIS provided information to potential  
23 investors that high returns would be realized through the trading of various financial instruments,  
24 such as medium term debentures, issued by one of the top 100 World Banks. Investor money would  
25 be placed in an investor-controlled account as "blocked funds" to provide the backing for issue of  
26 the financial instruments. Such instruments would then be traded to other banks at ever escalating

1 prices. Investors were told that trading these financial instruments can take place in as little as a day,  
2 moving through several cycles until they may finally be purchased by a "retail customer" such as a  
3 pension fund or foundation. BOYD and FRANCIS tell potential investors that the blocked funds  
4 means that investor money is protected and will not be touched by the trading bank. However,  
5 potential investors were told that they need to place funds in a bank with inter-bank communication  
6 capabilities (known as "SWIFT") and federal wire capabilities.

7 17. BOYD and FRANCIS provided information to potential investors stating that it is  
8 likely that the investor's local bank manager has no knowledge of the program, because few U.S.  
9 banks participate, due to the Federal Reserve operating independently of these programs. However,  
10 potential investors are told that European banks have been participating in the program for fifty  
11 years.

12 18. In order to participate in the program, BOYD and FRANCIS asked potential  
13 investors to provide a letter indicating confirmation of available funds in the investor's local bank  
14 along with the bank account number and a power of attorney, which would be assigned to the  
15 "Trading Bank." Investors were not provided the specific name of the "Trading Bank."

16 19. Potential investors were to agree that they would have no unauthorized contact with  
17 the paying bank (Trading Bank), or the pay guarantees will be forfeited.

18 20. Potential investors were asked to sign an agreement stating that they were not  
19 solicited for the investment. This would be done because it was "against the law to solicit."

20 21. While potential investors were told that their money would be in an investor-  
21 controlled account, they were asked to sign a power of attorney, which in effect gave the trading  
22 bank the power to transact business utilizing the investor's account.

23 22. BOYD and FRANCIS provided a written agreement indicating that "in the event  
24 trading is unsuccessful . . . payment" would be disbursed with "50% of returns to the Investment  
25 Group" [presumably the investor] and "50% of return to the "Program Coordinator" [presumably  
26 BOYD, FRANCIS, STAHL or affiliates]. However, BOYD and FRANCIS orally assured the

1 investor that their funds would never leave the account under investor control.

2 23. The web site seeking investors to contact STAHL is currently still operating.

3 **IV.**

4 **VIOLATION OF A.R.S. § 44-1841**

5 **(Offer and Sale of Unregistered / Unauthorized Securities)**

6 24. Each of the preceding paragraphs is incorporated by reference.

7 25. From in or around April 1998 to the present, RESPONDENTS offered and/or sold  
8 securities in the form of investment contracts, within and/or from Arizona.

9 26. The securities referred to above were not registered under A.R.S. §§ 44-1871  
10 through 44-1875, or 44-1891 through 44-1902; were not securities for which a notice filing has been  
11 made under A.R.S. § 44-3321; were not exempt under A.R.S. §§ 44-1843 or 44-1843.01; were not  
12 offered or sold in exempt transactions under A.R.S. § 44-1844; and were not exempt under any rule  
13 or order promulgated by the Commission.

14 27. This conduct violates A.R.S. § 44-1841.

15 **V.**

16 **VIOLATION OF A.R.S. § 44-1842**

17 **(Transactions by Unregistered Dealers and Salesmen)**

18 28. Each of the preceding paragraphs is incorporated by reference.

19 29. In connection with the offers to sell and the sale of securities, RESPONDENTS  
20 acted as dealers and/or salesmen within and/or from Arizona, although not registered pursuant to the  
21 provisions of Article 9 of the Securities Act.

22 30. This conduct violates A.R.S. § 44-1842.

23 **VI.**

24 **VIOLATION OF A.R.S. § 44-1991**

25 **(Fraud in Connection with the Offer and Sale of Securities)**

26 31. Each of the preceding paragraphs is incorporated by reference.

1           32.     In connection with the offers and sales of securities within and/or from Arizona,  
2     RESPONDENTS directly or indirectly: (i) employed a device, scheme or artifice to defraud; and/or  
3     (ii) made untrue statements of material fact or omitted to state material facts which were necessary  
4     in order to make the statements made not misleading in light of the circumstances under which they  
5     were made; and/or (iii) engaged in transactions, practices or courses of business which operated or  
6     would operate as a fraud or deceit upon offerees and investors. RESPONDENTS' conduct includes,  
7     but is not limited to, the following:

- 8           a)     RESPONDENTS failed to provide information about the business  
9                 background and experience of the individuals or financial institutions who  
10                would be responsible for generating the guaranteed returns or conducting  
11                trading;
- 12          b)     RESPONDENTS failed to provide any track record of the program, stating  
13                 that prior investors wished to remain anonymous;
- 14          c)     RESPONDENTS stated that the program entailed no risk of principal,  
15                 because investor funds would remain under investor control, when in fact,  
16                 the program as organized provided RESPONDENTS or their affiliates with  
17                 complete access to investor money through a power of attorney;
- 18          d)     Respondent BOYD required the investor to "mutually agree" that the  
19                 program was a private placement transaction exempt from the Securities Act,  
20                 but failed to disclose that none of the requirements under private placement  
21                 rules concerning solicitation, disclosure, qualification or filing had been met,  
22                 thus subjecting the offering to liability for violation of state and federal law;
- 23          e)     RESPONDENTS required the investor to contact a series of persons in order  
24                 to receive information about the program in an effort to create the appearance  
25                 of an 'unsolicited trade', when in fact the initial contact with investors was  
26                 through general advertising on the Internet;

g) RESPONDENTS misrepresented the program as an exclusive and highly confidential venture between the investor and prime banks, when in fact, such programs do not exist in the legitimate financial world.

33. This conduct violates A.R.S. § 44-1991.

## **XII.**

### **TEMPORARY ORDER TO CEASE AND DESIST**

THEREFORE, on the basis of the foregoing allegations and information contained herein, and because the Division has determined that the public interest will be harmed by any further delay in issuing an Order to Cease and Desist from violations of the Act and that the public welfare requires immediate action,

IT IS ORDERED, pursuant to A.R.S. §§ 44-2032, 44-1972, and A.A.C. R14-4-307, that ROBERT J. STAHL, ELIZABETH BOYD and DAVID V. FRANCIS, their agents, servants, employees, successors, assigns, and those persons in active concert or participation with them CEASE AND DESIST from the following and any other violations of the Arizona Securities Act:

1. Offering to sell or selling the securities described herein, or offering to sell or selling any similar type of security within or from the state of Arizona, unless such securities are registered with the Commission pursuant to Articles 6 and 7 of the Act;

2. Receiving funds from investors in the securities described herein, or in connection with any similar type of offering within or from the state of Arizona;

3. Offering to sell or selling any other securities within or from the state of Arizona unless the securities are registered with the Commission pursuant to Articles 6 and 7 of the Arizona Securities Act, or an exemption from registration is applicable;

4. Offering to sell or selling securities within or from the state of Arizona unless prior registration as dealers or salesmen is obtained under Article 9 of the Arizona Securities Act, or an exemption from registration is applicable;

5. Offering to sell or selling securities within or from the state of Arizona through



1 material misrepresentations or omissions, and/or through courses of business that  
2 would operate as a fraud or deceit, in violation of A.R.S. § 44-1991.

3 **VIII.**

4 **HEARING OPPORTUNITY**

5 IT IS FURTHER ORDERED, pursuant to A.R.S. §§ 44-2032, 44-1972 and A.A.C. R14-4-  
6 307, that this Temporary Cease and Desist Order shall remain in effect for one hundred and twenty  
7 (120) days unless sooner vacated, modified or made permanent by the Commission.

8 RESPONDENTS are notified that each Respondent is afforded an opportunity for a hearing only  
9 by filing a written request for a hearing and cover sheet with Docket Control, Arizona Corporation  
10 Commission, 1200 West Washington, Phoenix, Arizona 85007, within twenty (20) days after  
11 service of this Temporary Order. Upon such request, the Commission shall schedule a hearing no  
12 earlier than five (5) days and no later than fifteen (15) days after its filing, with immediate  
13 notification to RESPONDENTS, unless otherwise provided by law, stipulated by the parties, or  
14 ordered by the Commission. The Commission may, after such hearing, by written findings of fact  
15 and conclusions of law, vacate, modify (including ordering restitution and assessing administrative  
16 penalties or other relief) or make permanent this Temporary Order. If any RESPONDENT fails to  
17 request a hearing within the time prescribed, this Temporary Order shall thereafter remain in effect  
18 against the RESPONDENT until the expiration of its term, unless sooner vacated, modified  
19 (including ordering restitution and assessing administrative penalties or other relief) or made  
20 permanent by the Commission with written findings of fact and conclusions of law.

21 RESPONDENTS are further notified that a cover sheet must accompany all filings. Failure  
22 to use the cover sheet may result in the delay of processing or the refusal to accept documents.  
23 RESPONDENTS may obtain a copy of the cover sheet by calling Docket Control at (602) 542-  
24 3477.

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Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the office of the Executive Secretary at (602) 542- 3931. Requests should be made as early as possible to allow time to arrange the accommodation.

Dated this 15<sup>th</sup> day of July, 1998.

*Michael G. Burton, Sr.*  
 MICHAEL G. BURTON, SR.  
 Director of Securities

PS Form 3800, April 1995

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

SAN#	David V. Francis
Street & Number	280 Greathouse Rd
Post Office, State, & ZIP 00000	Building Green, KY
Postage	\$ 42.103
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	S-03276A-98-0000

P L B J B L B 37

# Memorandum

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AZ CORP COMMISSION

JUL 23 3 19 PM '98

DOCUMENT CONTROL

DATE: July 23, 1998

TO: Carmen Madrid  
Docket Control

FROM: John T. Walsh  
Securities Division

RE: Inve\$tit Opportunities  
Docket No. S-03276A-98-0000  
Internal Routing Distribution

CC: Emie Bridges

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This is to notify you that the following individuals should be copied on all docketed items for the above-mentioned case.

☒ Michael G. Burton, Sr.  
☒ LeRoy Johnson

Sharon Fox (Staff Attorney)  
John T. Walsh

**Note:** The Attorney General assigned to this matter is: Bob Zumoff.

Thank you for your cooperation in this matter.